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ABSTRACT

The Alaska Commission on Postsecondary Education's (ACPE) Institutional Relations Review seeks to provide the postsecondary schools in Alaska with information that pertains to the daily involvement with the Alaska Student Loan Programs, Institutional Authorization, Compliance Audit functions and other related subjects. This first edition also includes "Who's who in IR." Following are some of the most important items. Alaska Student Loan regulation 20 AAC 15.950 (f) states: an institution may not hold a loan warrant for longer than 60 calendar days after the date the warrant is issued or 60 calendar days after the beginning of the term for which the warrant is issues, whichever is later. Audit staff reviews for compliance with the 60-day regulation during compliance audits. Violation of this regulation is a reportable finding and is included in the calculation of the institution's error rate. Under new legislation (SB 189) which became effective 7/1/97, any application received from a borrower who has previously defaulted on an Alaska Student Loan must be denied even if their defaulted loan is now paid in full. The first ever CRNAA (Council of Recognized National Accrediting Agencies) Convention was held in October 1997. Over 500 representatives of postsecondary educational institutions offering career and vocational training throughout the United States attended the convention. (Author/JA)

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The Institutional Relations Review, December 1997

Alaska Commission on Postsecondary Education

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THE

INSTITUTIONAL RELATIONS REVIEW

December 1997

Welcome to the first edition of the Alaska Commission on Postsecondary Education's (ACPE) Institutional Relations Review. Our goal is to provide the postsecondary schools in Alaska with information that pertains to the daily involvement with the Alaska Student Loan Programs, Institutional Authorization, Compliance Audit functions and other related subjects. We welcome suggestions for topics to be discussed in future newsletters. Feel free to contact Mercedes Skan, Liaison, at (907) 269-7973, or by mail or email at mskan@educ.state.ak.us with suggestions or comments on this newsletter. ✦

Who's Who in IR?

Mark Johnston joined the IR Staff in April 1997 as the Lead Compliance Auditor. In August, the position of Director of Institutional Relations became vacant and Mark was selected to fill the position. Mark oversees the functions of the Anchorage Institutional Relations Division, which includes; Audit, Institutional Authorization, Liaison, State Approving Agency and Public Inquiry.

Raised in Anchorage, Mark attended the University of Nevada Reno where he received his accounting degree. Licensed in Alaska as a Certified Public Accountant, Mark's work experience includes time with the Alaska Railroad Corporation as an Assets Accountant and at the Federal Energy Regulatory Commission as a Lead Auditor. Mark seeks to foster open communication and looks forward to working with all institutions in the future.

Stephanie Butler joined the IR team in August 1997. As the new Institutional Authorization Program Coordinator, Stephanie brings an extensive amount of relative experience to the position.

Prior to accepting this position, Stephanie was employed for six years by the University of Alaska Anchorage in the capacity of Administrative Manager for Enrollment Services.

Born in London, England, Stephanie moved with her family to the US when she was a child. She graduated magna cum laude from Barry University in Miami, Florida with a Bachelor of Arts in English and later was awarded a Master of Science degree in Business Administration from Boston University. She is also working on a Master of Fine Arts in Creative Writing.

Rebecca Nesheim joined the organization's audit team on a temporary basis in April as a Compliance Auditor. In October she became a permanent employee.

Raised in Juneau, Rebecca attended college at the University of Alaska Fairbanks where she earned a degree in Accounting. She entered the work force immediately after graduation as an employee of the IRS as a Revenue Agent.

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AUDIT CORNER

To Fee or Not To Fee

Institutional Authorization regulation 20 AAC 17.115(a) states: An applicant who is not accepted by an institution must be given a refund of all tuition and fees paid. The student may be charged an application fee, which may not exceed $50 (this fee is subject to change by regulation).

By policy this regulation has been determined to direct that institutions are limited to no more than $50 in administrative fees for admission and withdrawal.

If you have any question regarding a proposed fee, please contact the institutional authorization or audit staff directly. ✦

Refunds - When Are They Due?

With the rigorous schedule conducted by the audit staff, they are performing a greater number of reviews and discovering more reoccurring findings. One repetitive finding is the untimely return of ASL refunds.

According to 20 AAC 17.115(d) & (e), all refunds for a student must be made within 30 days after receipt of notification of the student's withdrawal. If a student, who is eligible for a refund, is a recipient of a student loan or grant provided under AS 14.43.090 - 14.43.790, the institution shall forward any

continued

continued from front page Who's who in IR?

Rebecca's nine-year tenure with the IRS auditing tax returns has provided her with valuable experience in the field. She is eager to utilize her external audit skills, a primary attraction to ACPE.

Linda Klemm accepted the position of IR Secretary in March 1997. Hailing from New Jersey, Linda first came to Alaska while in the military.

Prior to serving nine years in the Air Force, Linda attended Keystone Junior College in Pennsylvania, studying Legal Secretary work. Following her military service, Linda decided to make Alaska her home.

Linda provides the secretarial support to the Institutional Authorization division as well as the audit staff.

Mercedes Skan was born and raised in Wrangell, Alaska. She began her employment with the agency in 1984 in the Juneau office as receptionist.

After graduating from the University of Alaska Southeast in 1992 with a Bachelor of Education degree, Mercedes continued her employment with the agency in wide variety of capacities.

Accepting the position of Institution/Community Liaison for Student Financial Aid Programs in 1995, she moved to Anchorage to assume those duties. In October 1996, she combined those duties with those of the State Approving Agency Program Coordinator for Veteran's Affairs.

Lisa Pettit, a member of ACPE Audit team, also has many years of experience with the organization.

Born in California, Lisa spent her childhood there and high school years in Colorado, attending the University of Colorado at Boulder after graduation. Lisa joined the Army in 1983 where she spent four years working in accounting, functions that eventually brought her to Alaska.

In 1989 she began her employment at ACPE as a work study student and was hired as a permanent employee doing administrative support work for IA in 1990. She took over the complaint function later that year. By 1992, Lisa was also a member of the audit team as a compliance auditor. Heavily involved in the Institutional Authorization function until October of 1996, Lisa now divides her attention between audit and complaint functions.

Cheryl Johnston joined the Anchorage team on November 12, 1997, assuming the vacant secretary position that provides support to both the VA Program Coordinator and the Director of Information Support Services (ISS).

A longtime desire to come to Alaska became a reality in 1996 when Cheryl and her family came to Anchorage from Spokane, WA. In Spokane, Cheryl worked in a variety of administrative roles for the City of Spokane for 13 years. Just prior to joining ACPE, Cheryl worked for Mapco Petroleum as the assistant to the construction and environmental project manager, processing permits and equipment orders for all new store locations. ✦

Default & Borrowing New Loans - Can It Be Done?

Under new legislation (SB189) which became effective 7/1/97, any application received from a borrower who has previously defaulted on an Alaska Student Loan must be denied even if their defaulted loan is now paid in full.

There are some interim procedures in place to accommodate certain

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Workshops Are a Success

Initiated in 1995, the Institutional Relations Staff now conducts two Compliance Workshops per year; one for Collegiate Institutions, and one for Career Schools. On July 25 and September 17, 1997 the Collegiate and Career School sessions were held, respectively.

These workshops have been welcomed by school administrators and have proven to be very helpful to institution staff in understanding the requirements of current regulations and statutes, and keeping schools informed of changes in processes of administering the Alaska Student Loan Funds. Audit staff have noticed a significant improvement in the audit pass rates for institutions that have participated in these workshops.

With the recent implementation of the Program Participation Agreement, increased focus on default management and increased accountability, it is more important than ever to have constant dialogue between school administrators and ACPE staff. By holding information sharing work sessions, we are all better equipped to serve students and institutions.

IR Staff has also implemented a quarterly "issue" workshop. These workshops will occur around the time of each quarterly Commission/IA meeting. Topics for these sessions are determined by "what's hot" at that particular time. School administrators are notified when these sessions will be occurring. We also welcome suggestions on subjects of interest. ✦

Give Me My Loan Money!

Have you heard this from students? "It's my money, you have to give it to me". Well, sometimes it's true; sometimes it's not.

While the borrower does borrow the money and signs the promissory note, the school must first comply with the laws and regulations of the State before they can disburse that money to the student.

Only when the Financial Aid Officer has verified that the student has met the full-time/half-time enrollment requirements of the loan and the good-standing requirements of the institution are students eligible to utilize the loan funds. First, the school takes what is due them for tuition/fees, room/board, books/supplies, and perhaps there will be money remaining for the student.

This is where the confusion often begins. If the institution has a published policy on how they will disburse the funds in excess of tuition and fees, often referred to as "living expense money", they must follow this policy and the student must be made aware of it prior to enrollment. The issuance of living expense funds can be made in a variety of ways; weekly, monthly, etc., if the school's policy expressly states this will occur. If the institution doesn't have such a policy, they must release the remaining funds to the student in a lump sum.

In addition, if a student is funded by the ASLP and other sources (other than self-paying) and those other sources have paid for tuition/fees, room/board, books/supplies, the student may well be over-funded. If so, the student loan monies can not be released to the student. Law allows for student loan funds to be used for the above-mentioned items and nothing else. If those items are already paid for, then it can be assumed that the money would be used for non-allowable expenditures.

Audit Corner continued

refund payment to the commission within 30 days and so notify the student.

If the student simply ceases attending and does not officially withdraw, the institution must establish the date that the student's enrollment was terminated by the school according to the institution's policy on attendance and/or termination. If the school does not establish the official withdrawal or termination date, the last date of attendance will be used to determine compliance with this regulation.

Please process refunds in a timely manner. ✦

60 Day Holding of Warrants - Fact or Fiction?

Alaska Student Loan regulation 20 AAC 15.950(f) states: an institution may not hold a loan warrant for longer than 60 calendar days after the date the warrant is issued or 60 calendar days after the beginning of the term, quarter or semester for which the warrant is issued, whichever is later...

Audit staff reviews for compliance with the 60-day regulation during compliance audits. Violation of this regulation is a reportable finding and is included in the calculation of the institution's error rate.

Some schools have contacted ACPE Loan Servicing Staff and

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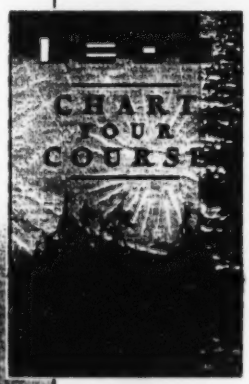
AUDIT CORNER continued

requested extensions of this time frame. These requests have occasionally been granted on a case-by-case basis. Extension requests must state a time certain by which the warrant will be disbursed. It is recommended that the extension be requested in writing (via fax is acceptable) and a response received in the same manner from the student loan office. It is required that thorough documentation be in the student's file. ✦



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Give Me My Loan Money!

The school should have an established budget for tuition/fees, room/board/living expenses, and books/supplies for students living both on and off campus. Any amount over that specified in the budget would then be returned to one of the funding sources. The Alaska Association of Private Career Educators has developed living expense budgets for many areas in Alaska. ✦

Liaison Activity Increases

October 9th began the first college fair of the season. Held earlier than previous years, the College Fairs run from Fairbanks to Ketchikan.

The Alaska Commission on Postsecondary Education participates in these fairs each year. For those schools that also participated, you may have noticed our new and beautifully designed display unit! We are proud to have a quality display from which to dispense our quality materials.

In addition to dissemination of the Student Financial Aid handbook, peechees and pencils, Mercedes Skan, Liaison for Student Financial Aid Programs also provides informative presentations to parents and students. Beginning in Fairbanks, four workshops were provided to participants during the fair. The Anchorage fair allowed for two evening presentations at the Egan Convention Center. These presentations provided an overview of all of the loan/grant programs the agency has to offer.

Not only does the liaison provide information to high school students, parents and the community, Mercedes often conducts presentations at postsecondary school orientations. These sessions usually include information on the borrowing process; what students can expect, copies of forms/letters they will be receiving, and the rights and responsibilities of borrowing money.

If you are interested in having Mercedes provide such a session at your school, please contact her by mail, phone or email mskan@educ.state.ak.us. ✦

CRNAA Convention

Stephanie Butler, Institutional Authorization Program, attended the first ever CRNAA (Council of Recognized National Accrediting Agencies) Convention on October 16-18, 1997. Over 500 representatives of postsecondary educational institutions offering career and vocational training throughout the United States attended the convention. CRNAA is an alliance of seven accrediting agencies with a national scope:

- Accrediting Bureau of Health Education schools (ABHES)
- Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT),
- Accrediting Council for Independent Colleges and Schools (ACICS)
- Accrediting Council for Continuing Education and Training (ACCET)
- National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS)
- Council on Occupational Education (COE)
- Distance Education and Training Council (DETC)

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CRNAA Convention

The convention, to be an annual event in the future, is designed to build partnerships among what organizers called "the triad" in delivery of post secondary education in the United States: private career colleges and schools; accrediting bodies; and local, state, and federal regulatory agencies. CRNAA has adopted a three-fold statement of objective in support of building this partnership:

To promote and inspire the continuous peer review and assessment of accreditation practices predicated upon ensuring the quality and integrity of postsecondary education and training; to ensure that the purposes and interests of accredited institutions and the students they serve are properly represented and fostered; and to ensure that Congress and the public understand the purposes and limitations of accreditation.

Butler attended the general session, which included a seminar on building partnerships, facilitated by Leroy Maughan of the Franklin Covey Leadership Center, who engaged the audience in a group discussion of how to maximize efficiency via the development of common purposes and goals. She also attended a luncheon featuring a presentation by Theodore Hershberg, Director of the Center for Greater Philadelphia at the University of Philadelphia, who discussed the demand for improved higher education systems in the 21st century. Workshops Butler attended include those on OSHA and ADA regulation compliance (copies of handouts from these workshops are available by calling Butler) and a workshop on regulations governing changes in school ownership, facilitated by Lois Moore of the United States Department of Education.

Butler also attended a presentation by Maureen McLaughlin, Secretary for Policy, Planning, and Innovation in the United States Department of Education's Office of Postsecondary Education, about the development of the Department's proposals for the Reauthorization of the Higher Education Act. Later, two breakout sessions addressed issues related to the reauthorization. The following handouts are available if anyone is interested in copies:

- CRNAA Position Papers Regarding Reauthorization of the Higher Education Act of 1965, as Amended, Part H, Subpart 2, Accrediting Agency Approval (March 1997)
- Career College Association's 1997-98 Reauthorization Goals

The Higher Education Act of 1965 is the federal legislation governing administration of postsecondary education in the United States. The Act is divided into fourteen chapters, called Titles. Title IV of the Act is the statutory authority for Student Financial Assistance Programs, which is why schools and colleges eligible to receive federal financial aid dollars are referred to as "Title IV schools." The Higher Education Act of 1965 is reauthorized approximately every five years, which means that the legislation is reviewed and examined, and any amendments are enacted. Of particular interest to many CRNAA attendees is the current reauthorization proposal from Buck McKeon, Chair of the House Subcommittee on Postsecondary Education, to develop an offshoot of the Department of Education specifically for issues dealing with private sector education.

For copies of handouts or more information on the CRNAA Convention, call Stephanie Butler at (907) 269-7970. ✦

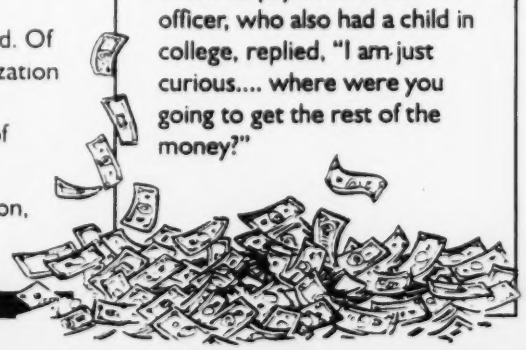
GI Bill Increase October 1st

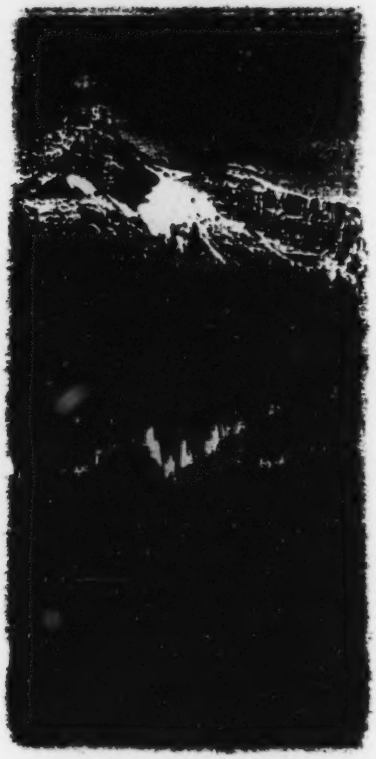
The basic pay rate for chapter 30, Montgomery GI Bill and for Chapter 1606, Montgomery GI Bill - Selected Reserves increased effective October 1, 1997. The full-time rate for Chapter 30 benefits with three years service increased to $439.85 (institutional training) and the rate for Chapter 1606 increased to $208.93. Pay increases should be included with benefit checks to be received after November 1.

At this time there has been no indication that there will be any increase in the other VA benefit chapters including Chapters 35, and 31.

For a complete list of all increases, visit the VA's web site for certifying officials at www.va.gov/education. ✦

A banker was caught embezzling $100,000 at the bank in which he worked. As the police where handcuffing him and leading him from the bank, the officer asked him, "why did you do this?" the banker replied, "I have a child in college and I just couldn't afford to pay for it." The officer, who also had a child in college, replied, "I am just curious.... where were you going to get the rest of the money?"





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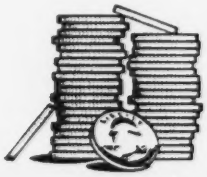
Default & Borrowing New Loans

situations. For example, if a former defaulted borrower borrowed under the 1996/97 loan and requests a loan during the 1997/98 academic year, we will process the loan application. This is only if the borrower is continuing the same program of study in which funded for during the 1996/97 loan year AND the defaulted loan(s) are paid in full.

Through regulations in the future, we will try to provide some relief to borrowers who are in default and want to continue borrowing. One proposal is that if borrowers have voluntarily paid their default in full, they may be eligible for a loan with a credit-worthy co-signer. This would be the same approach for people that may have a negative credit history. More information will be available in the future as this process continues. ✦



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